Outlook for the U.S. Livestock and Poultry Sectors

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Situation Facing Livestock and Poultry Producers in 2013

• Higher feed prices for most of year
  – Corn: $6.75-$7.65/bu in 2012/13
    $6.22 in 2011/2012
  – Soybean meal: $430-$460/ton in 2012/13
    $394 in 2011/2012

• Feed prices should moderate moving into 2013/14 crop year
Highlights for Livestock & Poultry in 2013

• Total meat production lower
  – Beef and lamb lower
  – Pork, broilers, and turkey higher
Red Meat and Poultry Production Will Decrease 0.4 Percent in 2013

*Forecast
Highlights for Livestock & Poultry in 2013

• Lower meat production

• Aggregate exports stall
Export Growth Stalls

Share of Production

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013*

Beef  Pork  Broilers

* Forecast
Factors Affecting Exports

• Rising incomes fuel increased demand for meat protein.
  – World GDP, growth about 2-3 percent in 2013.
• Higher U.S. prices will be passed to importers.
• Production growth in some markets increases competition.
• Trade issues will affect exports
  – Russia
  – Japan
Exchange Rate Changes Affect Price Signals

Change in U.S. Export Unit Value for Beef

- US$
- Yen
- Peso
- Won

Change in U.S Export Unit Value for Pork

- US$
- Yen
- Peso
- Won
Total Per Capita Retail Basis Meat Disappearance in 2013 at 201.9 Pounds

* Forecast
Retail Beef and Broiler Prices Will Be Record High

Dollars per pound

2001 2003 2005 2007 2009 2011 2013*

Choice Beef
Pork
Composite Broiler

* Forecast
Beef Production to Decline to 25.1 Billion Pounds in 2013

* Forecast
U.S. Cattle Areas Experiencing Drought

Reflects January 29, 2013
U.S. Drought Monitor data

Approximately 69% of the domestic cattle inventory is within an area experiencing drought, based on NASS 2007 Census of Agriculture data.

Major and minor agricultural areas are based on NASS 2007 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and hence were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: http://www.agcensus.usda.gov/.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://www.drought.unl.edu/dm/monitor.html.

• Major areas combined account for 75% of the total national inventory.
• Major and minor areas combined account for 99% of the total national inventory.

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Agricultural Weather Assessments
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Cattle Herd at 89.3 Million on Jan 1, 2013; Further Contraction Likely

* Forecast
Beef Cows 3 Percent Lower Jan. 1, 2013. Lowest since 1962

* Calf Crop Forecast
Cattle Imports Decline to 1.95 Million Head In 2013
2012 Beef Exports at 2.46 Billion Pounds, 2013 Slightly Lower

*Forecast
2013 Beef Imports to Increase 16 Percent to 2.6 Billion Pounds

* Forecast
Cattle Prices Rise in 2013, to Average $125 to $134 per cwt
Pork Production Will Increase to Record 23.4 Billion Pounds in 2013

* Forecast
Hog Inventory Virtually Unchanged at 66.4 Million Head on December 1, 2012

Inventory on December 1, Preceding Year

* Forecast
Only Modest Growth in Sows Farrowing

*Quarters 1-2 NASS Reported, Quarters 3-4 Forecast*
Growth in Pigs per Litter Slowing Slightly

*Forecast
2012 Pork Exports Were Record 5.38 Billion Pounds

* Forecast
2013 Pork Exports at 5.4 Billion Pounds, Pork Imports Stable

Billion Pounds

2003 2005 2007 2009 2011 2013*

Exports
Imports

* Forecast
Hog Prices to Average $61 to $65 per cwt

National Base, 51-52% Lean, Live Equivalent

* Forecast
Broiler Meat Production Will Increase to Record 37.3 Billion Pounds in 2013

* Forecast
Broiler Laying Flock Increasing
Monthly Average
Broiler Pullet Hatch Increasing

Million birds

2010 2011 2012
Chicks Placed For Grow Out
19 Selected States

Million birds

Jan Apr Jul Oct

2011 2012 2013

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Live Bird Weights Increasing
2012 Broiler Exports Were Record 7.3 Billion Pounds

![Bar Chart: Broiler Exports 2006-2013]
Broiler Whole Bird Prices to Average 92 to 98 Cents Per Pound

National Composite Whole Bird

<table>
<thead>
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<th>Cents per Pound</th>
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<th>QIII</th>
<th>QIV</th>
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* Forecast
Turkey Production Forecast at 6.0 Billion Pounds in 2013

* Forecast
Turkey Poult Placements Below Year Earlier

Million birds

27
26
25
24
23
22
21
20

Jan	Mar	May	July	Sept	Nov

2011
2012
2013
...But Eggs Set Have Moved Higher

Eggs in Incubators, First of Month

Million Eggs

2011
2012
2013

Jan  Mar  May  July  Sept  Nov
Turkey Exports Will Increase in 2013

![Chart showing the export trend from 2006 to 2013, with a forecast for 2013.*]
Turkey Prices to Average $1.00-$1.07 per Pound

National Hen Price

* Forecast
Egg Production Growth Slow

* Forecast
Egg Prices Will Decline to $1.13-$1.20 per Dozen
Additional information about the 2013 outlook is available at the following websites:

- World Agricultural Outlook Board (WAOB)
  World Agricultural Supply and Demand Estimates

- Economic Research Service (ERS)
  Livestock, Dairy, and Poultry Situation and Outlook
  - www.ers.usda.gov/publications/ldp/

- Foreign Agricultural Service (FAS)
  Livestock and Poultry: World Markets and Trade
  - www.fas.usda.gov/dlp/livestock_poultry.asp